

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Galena****Federal Tax ID: 92-0044429****Project Title:****Project Type: Equipment and Materials****Galena - Biomass Harvest Equipment****State Funding Requested: \$543,000****House District: 39 / T**

One-Time Need

Brief Project Description:

Purchase equipment for the harvest operation of Galena's community-wide biomass heating project.

Funding Plan:

Total Project Cost:	\$543,000
Funding Already Secured:	(\$0)
FY2015 State Funding Request:	<u>(\$543,000)</u>
Project Deficit:	\$0

Detailed Project Description and Justification:

The City of Galena entered a legislative appropriation through CAPSIS in February of 2014 for Galena's community-wide biomass heating project. The appropriation request is to provide funding for harvest equipment that will be used to provide fuel for a wood chip fueled boiler that will support the Galena Interior Learning Academy dormitories, classrooms, dining facilities and other structures at the former Galena Air Force base.

The new boiler plant has been recommended for full funding by the Alaska Energy Authority in Round 7 of the Renewable Energy Fund, with a total investment of \$3,144,200 in fiscal year 2015, and a cumulative total of \$5,762.990 including AEA Funding and local support for the project dating back to 2008.

The firewood harvest equipment to be purchased with this appropriation will provide approximately 2300 tons per year of firewood to support the wood boiler, replacing approximately 230,000 gallons per year of diesel fuel that is presently required to fire the steam boilers which provide heat for the school and other buildings owned by the City of Galena.

Harvest plans and agreements are under development and have been agreed to in principal by the resource owner, Gana-A'Yoo Limited, which is the village regional corporation that encompassed the property around the City of Galena, and the villages of Koyukuk, Nulato, and Kaltag. Forest inventory studies, harvest plans, and contracts have been developed and are nearing completion for the project

The funds will be used to purchase used equipment in good condition for the harvest operation. The equipment projected specifications and costs are as follows (same or similar):

2008 Cat 522 Feller-Buncher with 22" Risely Hotsaw, 4700 hours \$275,000
 2008 Cat 525C Rubber Tire Skidder with grapple and winch, 7800 hours \$ 88,000
 2006 Cat 322C Log Loader with grapple, 8600 hours \$165,000

2014 Legislature

TPS Report 62476v1

Barge Freight from Nenana to Galena (150 tons @ \$100)\$ 15,000

Total \$543,000

Project Timeline:

Equipment should be purchased in the summer of 2015

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Galena

Grant Recipient Contact Information:

Name: Greg Moyer
Title: City Manager
Address: 149 Antoski Drive
Galena, Alaska 99741
Phone Number: (907)656-1301
Email: gmoyer@ci.galena.ak.us

Has this project been through a public review process at the local level and is it a community priority? Yes No



City of Galena
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RESOLUTION 2014-03

A RESOLUTION OF THE GALENA CITY COUNCIL, IN SUPPORT OF A COMMUNITY WIDE BIO-MASS PROJECT.

Whereas, the City of Galena, the Galena City School District, and the Louden Tribal Council have cooperated for more than three years to explore and develop the possibility of using sustainable energy for our community and for the Alaska interior, and

Whereas, a forest inventory of all the biomass resources within 25 miles from Galena has been prepared, and has documented that sustainable harvesting of the resource can easily support the fuel wood needs for the community, and

Whereas, a feasibility study of wood based heat for the Galena Interior Learning Academy and the associate facilities and utilidor has indicated that the project is financially and technically feasible, and

Whereas, the Alaska Energy Authority has provided financial and technical support for the project in the past, and

Whereas, a construction design is presently under development with funding from the Alaska Energy Authority and matching support from the City of Galena, the Galena City School District, and the Louden Tribal Council, and

Whereas, the parties have reached an agreement in principal with Gana-A'Yoo Limited Village Regional Corporation to develop a long term contract for harvest of the local timber resource to support a district heating project and other potential wood based developments in the future, and

Whereas, the above-mentioned long term harvest contract is actively in preparation by Gana-A'Yoo Limited and the parties to this resolution, and

Whereas, the parties to this resolution are jointly resolved to support and promote sustainable local energy development—

Now therefore, the parties Resolve and declare as follows:


1. That the parties support the further pursuit of the wood energy project, including specifically the following actions—

- Preparation and submission of an application to the Alaska Energy Authority for further funding under the AEA Round 7 Renewable Energy Fund Grant Program.
- Formation of a wood harvest entity that will have the authority to raise capital and do business in the interests of the parties, with the express purposes of
 - contracting to harvest local biomass resources,
 - hiring personnel,
 - acquiring funds and equipment to implement the harvest plan under development between the Gana-A'Yoo Limited and the parties to this resolution, and
 - Processing local fuel wood for sale to local entities, including the wood energy project.

Plans for such a harvest entity are under development, and are reflected in documents to incorporate a non-profit corporation tentatively named Sustainable Energy for Galena, Alaska, Inc. (SEGA). The incorporation documents are attached and incorporated by reference, but remain subject to revision by the parties in the future, pending development of capital funds for the corporation.

- Development and finalization of the construction design, harvest plans, contracts, and funding pathways for the wood energy project and for related efforts.
2. That the parties jointly and severally will continue to seek and provide funds and support for local sustainable energy projects and for the District Wood Heating Project specifically.
 3. That the parties intend this joint resolution as a declaration of our intention to proceed with the wood energy project by every reasonable means.

Adopted by the Galena City Council this 9th day of September 2013.


City of Galena, Mayor Russ Sweetsir


Louden Tribal Council Chief, Jenny Pelkola


GCSD Board President, Susie Sam